

SPOUSES ANTONIO AND LUCY VERA CRUZ, PETITIONERS, VS. LUCY CALDERON, RESPONDENT.*G.R. No. 160748. July 14, 2004*

Ponente: YNARES-SANTIAGO, J.

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Before us is a petition for review on certiorari under Rule 45 of the Rules of Court assailing the Court of Appeals' Decision[1] dated August 20, 2003 in CA-G.R. CV No. 57900 which affirmed with modifications the Decision of the Regional Trial Court of Laguna, Branch 31. Likewise, challenged is the Resolution dated November 10, 2003 of the Court of Appeals denying petitioners' motion for reconsideration.[2]

The antecedent facts are as follows:

Lucy Calderon and Avelino Belisario, Jr. were married on January 31, 1967.[3] On October 23, 1970,[4] they bought a parcel of land with an area of 248 square meters, located on Mabini Street, Poblacion, Biñan, Laguna, from Avelino's aunt, Margarita Arguelles. Accordingly, Transfer Certificate of Title No. 10744 was issued in the name of "Avelino Belisario, Jr., married to Lucy Calderon." The spouses separated in 1981 and Lucy resided with her children in Garcia Subdivision, San Antonio, Biñan, Laguna.

On June 3, 1986, Avelino sold the subject property to petitioner spouses Antonio and Lucy Vera Cruz.[5] The Vera Cruz spouses registered the sale on July 30, 1986 and TCT No. T-143101 was issued in their name.[6] When Avelino died on November 20, 1993, his wife, respondent Lucy Calderon, discovered that their conjugal property had been sold by her husband without her knowledge and consent and that her signature on the Deed of Sale had been forged. Hence, she filed a complaint against the Vera Cruz spouses for annulment of Deed of Absolute Sale and TCT No. T-143101 with the Regional Trial Court of San Pedro, Laguna, Branch 31, which case was docketed as Civil Case No. B-4488.

In their answer, petitioner spouses assert that they purchased the property in good faith and for value. In 1984, Avelino offered to lease the land to Antonio's brother, Joselito Vera Cruz.[7] The latter, as manager of the store and vice-president of VeraCruz, Inc., entered into a verbal lease agreement with Avelino for a period of two (2) years.[8] In May 1986, at about the time the lease expired, Avelino and Joselito visited petitioners in Marikina. Avelino offered to sell the land to them.[9] He showed them the owner's duplicate title of the property as well as the Deed of Sale executed by Margarita Arguelles, which were both in his name. Thus, petitioners were convinced that the lot was Avelino's exclusive property.[10] This notwithstanding, they asked Avelino to bring his wife during the execution of the deed of sale.[11]

On June 3, 1986, Joselito and petitioner spouses, along with Avelino and a woman, whom he introduced as his wife, Lucy Calderon, met and executed the deed of sale before Notary Public Atty. Democrito J. Angeles.[12] Thereafter, petitioners filed the Deed of Sale with the Registry of Deeds of Laguna.

After trial, the trial court rendered a Decision in favor of respondent Lucy Calderon,[13] the dispositive portion of

which states:

WHEREFORE, judgment is hereby rendered in favor of the plaintiff and against defendants:

- declaring null and void the Deed of Absolute Sale dated June 3, 1986 (Exhibits D and 4) as null and void (sic) insofar as the share of plaintiff on the lot in litigation is concerned;
- ordering the Register of Deeds of Laguna, Calamba Branch to cancel TCT No. T-14101 (Exhibits B and 5) in the name of defendants Antonio Vera Cruz and Lucy Vera Cruz and issue a new one in lieu thereof in the names of the said defendant spouses over the ½ undivided share and in the name of plaintiff over the other half of the subject lot; and
- ordering the defendant spouses to pay plaintiff P20,000 for and as attorney's fees.

Costs against the defendants.

SO ORDERED.

In so ruling, the trial court declared that the subject parcel of land was presumed conjugal under Article 160 of the Civil Code,[14] and that petitioners were negligent in failing to inquire into the ownership of the property purchased.

Petitioners appealed to the Court of Appeals, which affirmed the decision of the trial court with modification, and ruled:

WHEREFORE, premises considered, the assailed decision is hereby AFFIRMED with modification. We find the appellants purchasers in good faith and We delete the award of attorney's fees and costs:

- Declaring null and void the Deed of Absolute Sale dated June 3, 1986 (Exhibits D and 4) as null and void insofar as the share of plaintiff on the lot in litigation is concerned; and,
- Ordering the Register of Deeds of Laguna, Calamba Branch to cancel TCT No. 14101 (Exhibits B and 5) in the name of defendants Antonio Vera Cruz and Lucy Vera Cruz and issue a new one in lieu thereof in the names of the said defendant spouses over the ½ undivided share and in the name of the plaintiff over the other half of the subject lot.

No costs.

SO ORDERED.

Hence this petition anchored on the sole ground that:

THE HONORABLE COURT OF APPEALS COMMITTED GRAVE ABUSE OF DISCRETION AMOUNTING TO LACK OR IN EXCESS OF JURISDICTION IN HOLDING THAT ALTHOUGH PETITIONERS ARE BUYERS IN GOOD FAITH AND FOR VALUE OF THE LAND IN QUESTION, THEY ARE ONLY ENTITLED TO OWN ONE HALF PORTION THEREOF AND THAT RESPONDENT LUCY CALDERON IS ENTITLED TO THE OTHER HALF PORTION.

As a general rule, only questions of law may be raised in a petition for review on certiorari to the Supreme Court. Although it has long been settled that findings of fact are conclusive upon this Court, there are exceptional circumstances which would require us to review findings of fact of the Court of Appeals,[15] to wit:

It is well settled that the findings of facts of the Court of Appeals are conclusive on the parties and on this Court, unless (1) the conclusion is a finding grounded entirely on speculation, surmise and conjectures; (2) the inference made is manifestly mistaken; (3) there is grave abuse of discretion; (4) the judgment is based on misapprehension of facts; (5) the findings of fact are conflicting; (6) the Court of Appeals went beyond the

issues of the case and its findings are contrary to the admissions of both appellant and appellees; (7) the findings of fact of the Court of Appeals are contrary to those of the trial court; (8) said findings of fact are conclusions without citation of specific evidence on which they are based; (9) the facts set forth in the decision as well as in the petitioner's main and reply briefs are not disputed by the respondents; (10) the finding of fact of the Court of Appeals is premised on the supposed absence of evidence and is contradicted by evidence on record. (Emphasis supplied)

The case at bar falls under one of the exceptions, it appearing that there was a disparity between the findings of the trial court and those of the Court of Appeals on the issue of whether petitioners were purchasers in good faith.

Reviewing the contradicting factual findings of the courts below, we agree with the following findings of the Court of Appeals that petitioners are purchasers in good faith:

Under the circumstances of the case, they are entitled to claim the status of innocent purchasers for value. They exercised the necessary diligence in ascertaining the credentials of the seller, the registered owner himself, Avelino Belisario, Jr.

We cannot charge said appellants with negligence since, at the time of the sale to them, the land was registered in the name of the vendor and the tax declaration was also issued in the latter's name. It was also clearly indicated at the back of the transfer certificate of title that Avelino acquired ownership over the said land by virtue of the Deed of Sale. Even appellee confirmed that they bought the property. There is no annotation, defect or flaw in the title that would have aroused any suspicion as to its authenticity. Such being the case, appellants had the right to rely on what appeared on the face of the certificate of title. Based on the records, it was the registered owner who sold the land to them. Avelino validly possessed the title since he was the administrator thereof. Avelino presented his title as well as the deed of sale in his favor to show how he acquired said property. It was Avelino himself who brought and introduced another woman as "Lucy Calderon". Joselito testified that Avelino and this woman were living together as husband and wife. Even plaintiff-appellee Lucy Calderon admitted that she knew her husband was living with another woman.[16]

Indeed, petitioners were dealing with the registered owner of the property and they had no reason to suspect that the woman whom he introduced to them as his wife, Lucy Calderon, was an impostor.

We have long settled the rule that an innocent purchaser for value is one who buys the property of another, without notice that some other person has a right or interest in such property and pays the full price for the same, at the time of such purchase or before he has notice of the claims or interest of some other person in the property.[17] A person dealing with registered land may safely rely on the correctness of the certificate of title issued therefor and the law will in no way oblige him to go behind the certificate to determine the condition of the property.[18]

Anent the issue that the respondents are entitled to only one half (½) of the portion of the conjugal property corresponding to the share of Avelino, the pertinent provisions involved are Articles 165, 166 and 173 of the Civil Code, the law at the time the sale was contracted in 1986.

Art. 165. The husband is the administrator of the conjugal partnership.

Art. 166. Unless the wife has been declared a non compos mentis or a spendthrift, or is under civil interdiction or is confined in a leprosarium, the husband cannot alienate or encumber any real property of the conjugal partnership without the wife's consent. If she refuses unreasonably to give her consent, the court may compel her to grant the same. x x x.

Art. 173. The wife may, during the marriage, and within ten years from the transaction questioned, ask the courts for the annulment of any contract of the husband entered into without her consent, when such consent is required, or any act or contract of the husband which tends to defraud her or impair her interest in the conjugal

partnership property. Should the wife fail to exercise this right, she or her heirs, after the dissolution of the marriage, may demand the value of property fraudulently alienated by the husband.

In the recent case of *Heirs of Ignacia Aguilar-Reyes v. Spouses Mijares*,^[19] we reiterated the rule that the husband cannot alienate or encumber any conjugal real property without the consent, express or implied, of the wife, otherwise, the contract is voidable. To wit:

Indeed, in several cases the Court has ruled that such alienation or encumbrance by the husband is void. The better view, however, is to consider the transaction as merely voidable and not void. This is consistent with Article 173 of the Civil Code pursuant to which the wife could, during the marriage and within 10 years from the questioned transaction, seek its annulment.

Likewise, in the case of *heirs of Christina Ayuste v. Court of Appeals*,^[20] we declared that:

There is no ambiguity in the wording of the law. A sale of real property of the conjugal partnership made by the husband without the consent of his wife is voidable. The action for annulment must be brought during the marriage and within ten years from the questioned transaction by the wife. Where the law speaks in clear and categorical language, there is no room for interpretation – there is room only for application.

In the present case, the deed of sale was executed on February 27, 1987. Rafael Ayuste died on October 13, 1989. However, it was only on March 2, 1990 that Christina Ayuste filed her complaint with the lower court asking for the annulment of the sale. Although the action was filed within ten years from the questioned transaction, it was not brought during the existence of the marriage which was dissolved upon the death of Rafael Ayuste in 1989. Clearly, the action for annulment filed by Christina Ayuste was barred for having been filed out of time.

The fact that Christina Ayuste only learned of the sale after the death of her husband is not material. We affirm public respondent's ruling that registration of the sale with the Register of Deeds constitutes a notice to the whole world. Precisely, the purpose of the legislature in providing a system of registration is to afford a means of publicity so that persons dealing with real property may search the records and thereby acquire security against instruments the execution of which have not been revealed to them. Since the deed of sale was registered on March 5, 1987, Christina Ayuste is presumed to have constructive notice of the sale from such date.

This case is on all fours with the above-quoted Ayuste case. Under Article 173 of the Civil Code, an action for the annulment of any contract entered into by the husband without the wife's consent must be filed (1) during the marriage; and (2) within ten years from the transaction questioned. Where any one of these two conditions is lacking, the action will be considered as having been filed out of time. In the case at bar, while respondent filed her complaint for annulment of the deed of sale on July 8, 1994, i.e., within the ten-year period counted from the execution of the deed of sale of the property on June 3, 1986, the marriage between her and Avelino had already been dissolved by the death of the latter on November 20, 1993. In other words, her marriage to Avelino was no longer subsisting at the time she filed her complaint. Therefore, the civil case had already been barred by prescription.

Actions prescribe by the mere lapse of time fixed by law.^[21] The registration of the deed of sale executed by Avelino in favor of petitioners served as constructive notice thereof. As such, respondent is chargeable with knowledge of the sale as to let the prescriptive period run against her. Her complaint must, therefore, be ordered dismissed.

WHEREFORE, the instant petition is GRANTED. Civil Case No. B-4488 is ordered DISMISSED on the ground of prescription.

No pronouncement as to costs.

SO ORDERED.

Davide, Jr., C.J., (Chairman), Panganiban, Carpio, and Azcuna, JJ., concur.

[1] Rollo, pp. 29-42; penned by Associate Justice Eliezer R. De Los Santos; concurred in by Associate Justices Sergio L. Pestaño and Jose C. Mendoza.

[2] Id., p. 43.

[3] Records, p. 144.

[4] Id., p. 150.

[5] Id., p. 147.

[6] Id., p. 145.

[7] TSN, 31 May 1996, p. 9.

[8] TSN, 26 September 1996, p. 21.

[9] TSN, 19 September 1996, pp. 13-14.

[10] Id., p. 15.

[11] Id., p. 16.

[12] TSN, 3 October 1996, pp. 27-29.

[13] Rollo, pp. 45-52; penned by Presiding Judge Stella Cabuco Andres.

[14] Art.160. All property of the marriage is presumed to belong to the conjugal partnership, unless it be proved that it pertains exclusively to the husband or to the wife.

[15] Sacay v. Sandiganbayan, 226 Phil. 496, 511-512 (1986).

[16] Rollo, p. 39.

[17] Chu, Sr. v. Benelda Estate Development Corporation, G.R. No. 142313, 1 March 2001, 353 SCRA 424, 430; citing De Santos v. Intermediate Appellate Court, G.R. No. L-69591, January 25, 1988, 157 SCRA 295, 301-302.

[18] Id., p. 430.

[19] G.R. No. 143826, 28 August 2003.

[20] 372 Phil. 370, 379 (1999).

[21] Civil Code, Art. 1139.

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